

7/28/78

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Letter	Sen. Stone to Pres. Carter, w/attachments 12 pp., re: Middle East <div style="margin-left: 200px;">OPENED 8/13/93</div>	7/27/78	A

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THE WHITE HOUSE
WASHINGTON

July 28, 1978

The Vice President

The attached was returned in the President's outbox today and is forwarded to you for delivery to Sen. Stone.

Zbig Brzezinski - a copy is attached for your information and appropriate handling. Please forward the attached copies to Secretary Vance.

Rick Hutcheson

cc: Frank Moore
Zbig Brzezinski

THE WHITE HOUSE

WASHINGTON

7-28-78

To Sen Dick Stone

I've read your detailed
& helpful letter about the
Gaza Strip - its history
and possibilities for im-
proving progress in the
Middle East.

We will pursue your ideas,
along with our persistent
efforts to bring permanent
peace to Israel & her
neighbors.

Jimmy

cc Vance

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

VIA
Fm or UP?

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	✓ VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	✓ MOORE
	POWELL
	WATSON
	WEXLER
	✓ BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	✓ VANCE

THE VICE PRESIDENT
WASHINGTON

July 27

Mr. President

Dick Stone asked
me to personally
convey this letter to
you. He proposes
starting on Cogo
first. It's a good
idea but I doubt
the Egyptians are
interested

Wfn

JOHN SPARKMAN, ALA., CHAIRMAN

FRANK CHURCH, IDAHO
CLAIBORNE PELL, R.I.
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JOHN GLENN, OHIO
RICHARD (DICK) STONE, FLA.
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CHARLES H. PERCY, ILL.
ROBERT P. GRIFFIN, MICH.
HOWARD H. BAKER, JR., TENN.

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United States Senate

COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, D.C. 20510

NORVILL JONES, CHIEF OF STAFF
ABNER E. KENDRICK, CHIEF CLERK

July 27, 1978

Dear Mr. President:

I am writing you this private letter to suggest a procedure that ought to be considered in the search for a peace settlement in the Middle East. The suggestion I have is a variation of a proposal that was explored in 1949 by the Truman Administration. I believe the approach has merit in current circumstances and could help ease the way for the parties currently discussing peace agreements, namely Israel and Egypt. Moreover, the approach holds merit for American foreign policy as well, because if adopted, it stands a good chance of yielding tangible results.

My proposal, based on historical precedent, is to try and guide Egyptian-Israeli negotiations into a discussion of what both can agree on for the Gaza Strip. For the time being at least, the discussion would exclude the West Bank territory, which under any circumstance Egypt has no claim over.

The advantages of a Gaza Strip negotiation are as follows:

1. In itself, the Gaza Strip is not strategic territory. While it is true that the Rafia crossroads south of the actual Gaza district demarcation are strategically important, as is the Israeli airfield in the nearby northern Sinai, these holdings together are inside recognized Egyptian territory. The Gaza district has never been claimed as Egyptian territory, even when it was under military occupation by Egypt's armed forces.
2. There is only a handful of Israeli settlements in the Gaza Strip and most have minor or no historical significance for Israel.
3. The Gaza Strip has no important religious sites and no important religious significance for either Moslems, Jews or Christians.
4. No important Israeli military installations are inside the Gaza district.

The President
The White House

DECLASSIFIED
E.O. 12356, Sec. 3.4
PER 1125143 NLC HZ RE MR-NLC-92-63
BY QJ NARS. DATE 7/24/93

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5. Because of a large population and very limited natural resources, Gaza residents must depend on a relationship with Israel for employment and for essential services. Of the 66,000 Palestinians from the administered territories who work in Israel every day, a majority commute from the Gaza district.

6. Egypt has a mandate to conduct negotiations on the Gaza area because it has a recognized international border with the Gaza district and because it occupied the area from 1949 until 1967 (with a brief interruption in 1957). Egypt never annexed or intended to annex the Gaza district. Indeed, in 1949 when thousands of Palestinian Arabs fled the fighting and went to countries such as Syria, Jordan, Lebanon and Egypt, shortly afterwards Egypt moved all her refugees to the Gaza district and out of Egypt proper.

7. A negotiation on the Gaza district could serve as a model and practical test of the intentions of Egypt and Israel, without the complication of an absent third party. Additionally, there are reasons to believe that the third party, the Kingdom of Jordan, may not be able to participate in such a negotiation in the near future.

8. A Gaza district settlement, or step in the settlement process, could test cooperative economic proposals between the Arab states and Israel as they apply to the territories. Already, substantial promises by Saudi Arabia and Kuwait have been made to the Mayor of the city of Gaza.

9. An agreement to consider Gaza separately as a first substantive agenda item might be worked out without committing any side to specific principles in advance. Any solution worked out would -- one can suppose -- be characterized by each side in the manner most suitable to internal and external political need.

10. U.S. support for such an approach is consistent with the 1949 policy that such an alternative approach was promising and deserved exploration. Furthermore, while the situation was complicated in 1949 by strong competing strategic interests of Great Britain, this factor is of no importance today.

11. A Gaza plan negotiation would be concrete movement towards peace, an American national interest. Without such movement, tension could exacerbate and lead to a renewal of hostilities or a return to strong Soviet influence with parties such as Jordan and Egypt.

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12. A Gaza plan would have net advantages for the United States since it would begin to shape the details of a U.S. policy which seeks a solution for the administered territories and for the refugee problem. It would have net advantages for Israel since a Gaza negotiation will allow the Israeli Government to formulate policy free of heavy right-wing pressure and free of campaign promises it made respecting the West Bank. It would grant some immediate benefit for Egypt and help President Sadat demonstrate that his peace initiative is yielding results for Palestinian Arabs. Should Egypt agree to this approach, benefits would include gaining valuable time for all sides at an uncertain period; deepening the possibility of an operative working relationship between the conservative Arab nations and Israel; and continuing to exclude the Soviets who have no leverage at the moment on Egypt, Israel or Saudi Arabia. Furthermore, the Soviets are unable to operate in the Gaza Strip and have difficulty in using clandestine surrogates there. Unlike the West Bank, which has an underground and functional Communist organization, Gaza is said to be relatively free of that problem.

Background - On paper at least, the critical issues in the Middle East have not changed a great deal over time. At the end of the fighting in 1949, the Arab states and Israel were unable to formulate an accommodation sufficient to establish normal diplomatic and political relations. The matter of political borders, of refugees, and of strategic interrelationships was unsolved. The result was a highly unstable area, open to substantial external competition and exploitation.

In 1949 the discussions between the parties centered on two main issues. One was setting final territorial borders. The other was a solution to the refugee problem. Under the United Nations formulation of the time, the refugees were to be offered two choices -- either to be allowed to return to their homes if they so desired or, in the alternative, to receive compensation.

The Department of State estimated there were approximately 725,000 refugees (about 205,000 in Lebanon; 190,000 in Syria; 85,000 in Jordan; 5,000 in Iraq; 18,000 in Egypt; 230,000 in Palestine under Egyptian and Iraqi control; and 225,000 in Palestine under Transjordan occupation). These numbers are disputed and the division between the local population of the West Bank and Gaza and the refugees was unclear. Nonetheless, what was clear was the need to find a solution to the problem, if a settlement was to be achieved.

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At this same time, Israel was receiving large numbers of Jewish refugees from European DP (displaced persons) camps and from Cyprus. In the same time frame, the beginning of the large influx of Jewish refugees from the Arab countries was getting underway. About 600 to 700 thousand would come from countries like Egypt, Yemen, Morocco, Tunisia, Algeria, Syria and the like.

The U.S. position in 1949 was that Israel would have to take back some of the refugees who left Israel, and the Arab states would have to absorb the others. In the first phase of the execution of this policy, the key U.S. recommendation was to press Israel to accept this proposal. This suggestion was contained in a then Top Secret cable from the U.S. Minister in Lebanon to the Secretary of State (March 28, 1949). The cable can be summarized as follows:

(a) "Arab attitude toward refugee problem proceeds from two or three reasons. One is that they recognize presence of 700,000 or 800,000 homeless, idle people as political weapon against Jews. They feel they can summon world opinion even if some refugees die in the meantime. . . .

(b) "Second reason for Arab position is fear of domestic repercussions on refugee problem. Since Egypt and Saudi Arabia have no refugees (Egypt has reportedly sent all of hers to Gaza Strip) and Iraq has only about 4,000, figure of 800,000 about one-tenth population remaining in Arab states. Since they generally more advanced than other Arabs, they constitute potential core of dangerous agitators offering a threat to existence of Arab government. They also create, so Arab leaders have told me, core of irredentist movement that will plague all Arab states and provide basis for continual agitation to point that there will be no possibility of having anything more than an armistice in the Middle East.

(c) "In private conversations both Saudi Arabian and Egyptian have told that if Israel would take a token number of refugees back as preliminary gesture, peace talks could move along. . . .

(d) "Although we feel we must go back to Tel Aviv, it will do us little good unless Israel Government is pressured by USG to make concessions which it could easily make without prejudicing its position in peace negotiations and without revealing its final hand. . . ."

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The pressure campaign was mounted. Its objective was to obtain a gesture from Israel and to get Israel to commit itself to absorb 200,000 refugees -- a figure that seems to have been arrived at by the Department of State. In an April 22, 1949, Memorandum to the Secretary of State, it was recommended: "As an essential condition to the solution of the Palestine refugee problem, the United States exercise continuing pressure on Israel by all appropriate means to repatriate a minimum of 200,000 Arab refugees. . . ." President Truman was enlisted to press hard this point with President Weizman of Israel, which he did. The President, in a letter of April 29, 1949, remarked, "I am rather disgusted with the manner in which the Jews are approaching the refugee problem. I told the President of Israel in the presence of his Ambassador just exactly what I thought about it. It may have some effect. I hope so."

Through a complex series of events, such an Israeli proposal did materialize. One version is that the idea originated with Prime Minister Ben Gurion; another is that it was originally raised by Mark Etheridge. Officially it became known as the Gaza Plan. Under the Plan, the Israelis stated a willingness to accept 250,000 to 300,000 refugees in the Gaza Strip by taking control of the Gaza Strip. The Israeli cabinet approved this Plan (with two abstentions). According to official reports, the Government of Egypt "privately indicated its willingness to relinquish the Strip."

While not at first, the United States came close to an endorsement of the Israeli proposal, since it satisfied the refugee repatriation requirement of the State Department policy paper on refugees. In this period, the American refugee proposal had in mind both repatriation and resettlement, with resettlement including U.S.-UN-sponsored development programs. Areas suggested for resettlement included northern Syria and Transjordan.

Unfortunately, the proposal ran into internal bureaucratic opposition and problems with the British Government. Britain did not dispute the conclusion of Mark Etheridge that the Gaza Plan "could be a basis for settlement of the refugee problem to the extent of Israel's responsibility," but instead pressed for a territorial concession by Israel in the Negev (where Britain wanted a strategic air base). The revival of this idea by the British flew in the face of strong U.S. representation made to the Bevin Government that Israel was not to be expected to make Negev concessions.

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Secretary of State Acheson attempted to press Egypt to accept the Ben Gurion Gaza Plan. In a then Secret, priority cable to the U.S. Embassy in Egypt, the Secretary made the following points:

(a) "USG notes with profound disappointment negative attitude of Egypt re cooperation refugee problem. Up to present, and despite urgency of refugees' plight, no concrete or constructive proposals for a solution refugee problem have been forthcoming from any of Arab states.

(b) "USG regards problem of refugees as joint responsibility of Israel and Arab states and . . . cannot agree that either side should shirk responsibility.

(c) "Israeli proposal re Gaza Strip constitutes Israeli commitment to assume full responsibility for refugees and residents that area, and as such should be given most serious and constructive consideration by Egyptian Government. Proposal should serve as basis urgent discussion between states concerned, through direct or indirect negotiations. USG prepared to lend all possible assistance to facilitate such negotiations. . . ." (June 25, 1949)

On June 27 the Gaza Plan was rejected, though not out of hand, by Egypt's Foreign Minister. This was followed by a strong reparte by the United States to Egypt by Secretary Acheson. An even stronger and more specific diplomatic note went to London on June 30. In blunt talk the U.S. Secretary said, "Egypt . . . appears excluded as a settlement area [for refugees]. Moreover, UK will recall that U.S.-UK working papers give no indication Gaza Strip has economic potential for settlement any significant portion of refugees now in area. . . . In view of foregoing, USG finds it difficult believe Egypt has any plans involving either total or partial Egyptian responsibility for disposition Gaza refugees or Egypt capable formulating such plans in foreseeable future. USG recognizes that strategic considerations involved UK thinking this question. In opinion USG, however, any strategic advantages which might obtained from permanent retention Gaza Strip plus present occupants by Egypt would appear to be outweighed by administrative burden and enormous financial requirements involved in maintenance of refugees on permanent basis, particularly since nature of area precludes execution of self-sustaining settlement projects. . . . [The] only hopeful development presaging repatriation of large number of refugees has been Israeli offer concerning Gaza Strip. View facts that agreement between Israel and Egypt on Gaza Strip and refugees would probably pave way for Israeli-Egyptian final

CONFIDENTIAL

CONFIDENTIAL

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settlement and thereby constitute decisive step towards overall Palestine settlement. . . ." (Emphasis added)

Conclusion - Unfortunately, the Gaza Plan was never implemented. Egypt did not agree to it, prodded along by the British who remained in control of the Suez Canal and maintained a strong military position in Transjordan. At that time, America had a lot of goodwill to offer, but very little tangible power in the Middle East. Furthermore, the nations of the Middle East had only limited experience and understanding of the United States. The British role was more pertinent and understandable to them, if more invidious in blocking a settlement.

Today the situation differs, for Britain is no longer an important power in the Middle East. On the other hand, the refugee problem of the 1949 period has become in many respects a political problem, fueled by the stronger irredentist Arab states, by the Soviets and their partisans, and by the nature of the problem itself. The State Department predictions of 1949 became a self-fulfilling prophecy.

Still, to cut through the great difficulties, the geopolitical and strategic strains in the area, the varying aspirations, and the Palestinian political component requires creativity and patience. It seems to me that a modified Gaza Plan -- to work on the political problem of the Palestinians living in Gaza as a first stage in a settlement on the questions of the administered territories -- may begin to break down the substantive barriers. Progress on this question could lead to greater maturity of each party to the dispute, better grasp of each others' intentions, and a fertile testing ground on the solvability of the problem itself.

I believe this approach may serve American foreign policy well and ease the situation in the Middle East as it relates to our foreign policy interests and the basic interest of the parties. The alternative is to allow our plans and ideas to be whipsawed in a political environment over which we have little or no control and much to lose if things go sour.

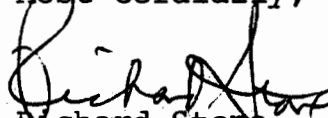
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-8-

I am sending you this proposal on a private basis because I think you should have the opportunity to review and consider it without harrassment or pressure. There may be other avenues that require exploration and consideration. But, because this notion has an historical footing and fits in with the trend of current discussions between Israel and Egypt, it may, with appropriate backing by you, cut the ice and open up a productive period of substantive bargaining between the parties.

Most cordially,



Richard Stone

Chairman, Subcommittee on
Near Eastern and South Asian Affairs

RS:atm

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

July 28, 1978

MR. PRESIDENT:

We would appreciate having your signature on this before you leave for Camp David. It reflects the language changes suggested by Senator Kennedy.

A handwritten signature in dark ink, appearing to be 'Stu' followed by a stylized surname.

STU EIZENSTAT

3873

THE WHITE HOUSE
WASHINGTON

July 29, 1978

Presidential Directive/DPS-3

TO: The Secretary of Health
 Education and Welfare

SUBJECT: National Health Plan

I have consistently expressed my support for the goal of a universal, comprehensive national health plan to contain skyrocketing health costs and to provide all Americans with coverage for basic health services and with protection from catastrophic expenses.

Such a plan would be the cornerstone of a broader national health policy designed to improve the health of Americans by reducing environmental and occupational hazards and encouraging health enhancing personal behavior, as well as by improving the effectiveness of our medical care system.

The current health care system has significant defects which must be remedied:

- o The health care system is highly inflationary. Spending in the health care industry -- the nation's third largest industry -- has been rising at an annual rate of 12%, with little improvement in the health of Americans. These expenditures cannot be successfully contained under current health delivery and financing methods, which produce unnecessary hospitalization, over-reliance on expensive technology and inadequate preventive care.
- o At least 20 million Americans have no health insurance.
- o Another 65 million Americans face potential bankruptcy because they lack insurance protecting them against catastrophic medical expenses.

- o Health resources are unevenly distributed across the country, resulting in significant gaps in vital medical services for many residents of rural and inner city areas.

In pursuing the goal of a comprehensive national health plan, I also wish to draw on the strengths of the American health care system:

- o American health care professionals and hospitals are among the finest in the world and deliver dedicated, high quality medical care.
- o A growing number of Americans have private health insurance. American business increasingly is paying for health coverage for its employees.
- o Various government programs have provided an opportunity for millions of elderly, poor and geographically isolated Americans to obtain quality health care.

In past months you and other members of my Administration have been exploring the most effective means of fulfilling my commitment to a comprehensive national health plan. You have considered a broad range of options. However, before I submit legislation to the Congress, I want to be certain that the plan is consistent with our efforts to control inflation in the health care sector and the general economy. Before you send me final recommendations for a national health plan, you should analyze the issues of cost control and health system reform in greater depth. The American people would not accept, and I will not propose, any health care plan which is inflationary.

At the same time, the American people must recognize that if we fail to act, health expenditures will continue to soar. In 1977, health expenditures were \$162 billion; they are expected to reach \$320 billion by 1983. A comprehensive national health plan will provide a critical opportunity to mount a national effort to bring the system under control.

I am directing you to address these concerns as you proceed to develop in greater detail a national health plan for the American people. The plan must improve the health care system, and combat inflation by controlling spiralling health care costs. To achieve these objectives, the plan, when fully implemented, should conform to the following principles.

1. The plan should assure that all Americans have comprehensive health care coverage, including protection against catastrophic medical expenses.
2. The plan should make quality health care available to all Americans. It should seek to eliminate those aspects of the current health system that often cause the poor to receive substandard care.
3. The plan should assure that all Americans have freedom of choice in the selection of physicians, hospitals, and health delivery systems.
4. The plan must support our efforts to control inflation in the economy by reducing unnecessary health care spending. The plan should include aggressive cost containment measures and should also strengthen competitive forces in the health care sector.
5. The plan should be designed so that additional public and private expenditures for improved health benefits and coverage will be substantially offset by savings from greater efficiency in the health care system.
6. The plan will involve no additional federal spending until FY 1983, because of tight fiscal constraints and the need for careful planning and implementation. Thereafter, the plan should be phased in gradually. As the plan moves from phase to phase, consideration should be given to such factors as the economic and administrative experience under prior phases. The experience of other government programs, in which expenditures far exceeded initial projections, must not be repeated.

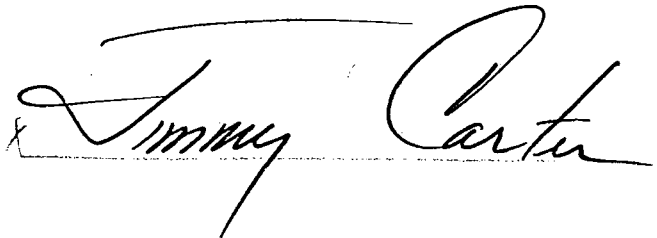
7. The plan should be financed through multiple sources, including government funding and contributions from employers and employees. Careful consideration should be given to the other demands on government budgets, the existing tax burdens on the American people, and the ability of many consumers to share a moderate portion of the cost of their care.

8. The plan should include a significant role for the private insurance industry, with appropriate government regulation.

9. The plan should provide resources and develop payment methods to promote such major reforms in delivering health care services as substantially increasing the availability of ambulatory and preventive services, attracting personnel to underserved rural and urban areas, and encouraging the use of prepaid health plans.

10. The plan should assure consumer representation throughout its operation.

I am directing you to develop a tentative plan as soon as possible which embodies these principles and which will serve as the basis for in-depth consultation with the Congress, State and local officials, interest groups, and consumer representatives. You should then provide me with detailed recommendations so that I can make final decisions on the legislation I will submit to the Congress next year. To respond fully to my economic and budgetary concerns, you should develop alternative methods for phased implementation of the plan.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink on a light background. The first name "Jimmy" is written in a fluid, connected style, and the last name "Carter" is also in cursive, with a long, sweeping tail that extends to the right.

ID 783875

THE WHITE HOUSE

WASHINGTON

DATE: 28 JUL 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

JODY POWELL

JERRY RAFSHOON

JACK WATSON

ANNE WEXLER

FRANK MOORE (LES FRANCIS)

BOB LIPSHUTZ

SUBJECT: EIZENSTAT MEMO RE NATIONAL HEALTH PLAN DIRECTIVE

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

July 28, 1978

Phil Wise
Fran Voorde

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: BLACK COLLEGES

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
/	VOORDE
	WARREN
/	WISE

WASHINGTON

July 28, 1978

RE: Black colleges

We have several telegrams from Black Colleges, under the umbrella of the United Negro College Fund, urgently requesting a meeting with you.

There is some misunderstanding as to your concern and support of Black Colleges (100 throughout the country) apparently due to administrative problems at HEW.

Stuart Eizenstat and Bunny Mitchell believe it is necessary for you to reaffirm your interest and concern in this area. We would like to respond immediately by letting them know we will set up a meeting during the week of August 14.

Prior to that Stuart will meet with Chris Edley of UNCF and others.

Approve _____

Disapprove

THE WHITE HOUSE
WASHINGTON

P
↓
7-26-78

Phil

I want to see
Midge & Jerry
This morning -
together

J

Unemp/bur → inf/bur

N 100 yrs

encourage competence

discourage incompetence

managers manage

Rights of employees
(chart)

Centerpiece

you are executives¹⁹ now

whistle blowers

Effective - responsive

editors
meeting

7/28/78

THE WHITE HOUSE
WASHINGTON

> Family farmer
Inflation
Foreign ownership - 20-40% new sales
Productivity
Tax - capital investment

Income. Prices - Exports -
Wheat/Sugar

Interest on loans
Def payments vs volume
profitable large farmer

1902 act - widespread ownership
Capital gains tax

Tillable land/energy use

Breakfast
Tip

THE WHITE HOUSE
WASHINGTON

J

Appointed Griffin deputy, Eckard
quit.

Temporary understanding of probes
with divided responsibility, loyalty

Difficult job. Solomon good man,
my close friend

Impossible to administer with
two bosses

Constant expressions of concern to
me & to Speaker

Serious defects in GSA

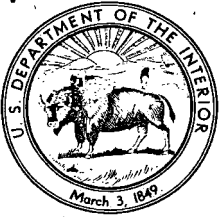
Investigation commenced. Justice
says going to be ugly.

No allegations against Griffin

Crucial that a central person lead

Either Jay or Griffin

Pres & Speaker can't run GSA



THE SECRETARY OF THE INTERIOR
WASHINGTON

JUL 26 1978

MEMORANDUM

To: The President
From: Secretary of the Interior *Levil D. Anderson*
Re: Signing S.1582 - Ak-Chin Water Settlement

I strongly urge you to sign S.1582 and to do so at a signing ceremony with "fan-fare."

Background

The Ak-Chin are a Central Arizona Indian Tribe completely self-sufficient through their farming operations. The Tribe's ground water is running out because neighboring Irrigation Districts are drawing down the aquifers under the Reservation. We have litigation planned against the Irrigators.

S.1582 is a Bill to settle this water rights dispute. It calls for a feasibility study of a well field on nearby Federal lands. If feasible, the Bill then calls for a contract between Interior and the Tribe to develop the well field and to ultimately provide a long-term permanent supply of water to the Tribe.

Reasons To Sign Bill

The Bill is not "perfect".

BUT

The compelling reasons why the Bill should be signed are:

1. The cornerstone of our new water policy regarding controversial Indian water rights is negotiated settlements. The Ak-Chin Bill reflects a negotiated settlement of their water rights. The Bill is supported by everyone effected in Arizona--Indians, Irrigators, State Officials, Congressional Delegation, etc. Signing this Bill presents an excellent opportunity to:

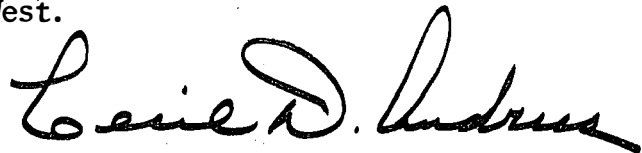
3865

- . show the positive aspects of the new water policy;
 - . help reduce Indian versus non-Indian tensions.
2. The Department has managed to get six other Central Arizona Tribes to the bargaining table with irrigators, municipal and industrial water users, and state officials. If the Ak-Chin Bill is vetoed, those negotiations probably will cease, leaving the Department with no alternative but litigation.
 3. Mo Udall has strongly backed the Ak-Chin Bill. There is a highly controversial Indian water rights case pending in his district concerning the City of Tucson's water supply. Settlement discussions of that case are now under way.

A veto of the Ak-Chin Bill will leave Udall "far out on a limb".

4. The Department supported the purpose of the Bill (with OMB approval) but recommended changes. The principle change we wanted was a feasibility study before construction dollars were committed. That change--and many others requested by us--are now in the Bill. We have never effectively signaled a possible veto.

In short, I think we can turn your signing of this Bill into a real plus for the Administration in the West.

A handwritten signature in dark ink, reading "Leslie D. Andrews". The signature is written in a cursive, flowing style with a large initial 'L'.

THE WHITE HOUSE

WASHINGTON

July 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Moore *F.M./Le Francis*
Les Francis
Bill Cable

SUBJECT: Enrolled Bill S. 1582 - Ak-Chin Indian
Water Rights Settlement

Bill Cable discussed this bill with Congressman Udall, and the bill clearly is very important to him politically. As you know, he still has serious problems with his re-election. In addition, it appears that the Interior Department gave him reason to believe this legislation would be acceptable to the Administration.

Because of Udall's key role in Civil Service Reform, we believe it is critical for this bill to be signed. With the Speaker upset, it is particularly important to maintain good relations with Udall.

THE WHITE HOUSE LAST DAY FOR ACTION
WASHINGTON Friday, July 28
July 28, 1978

MEMORANDUM FOR

THE PRESIDENT

FROM

STU EIZENSTAT
KATHY FLETCHER



SUBJECT: Enrolled Bill S. 1582 -- Ak-Chin Indian
Water Rights Settlement

You must decide by Friday, July 28, 1978, whether to sign or veto this legislation.

THE BILL

This legislation is designed to assure a temporary and permanent water supply to the Ak-Chin Indian Community near Phoenix, Arizona. The bill would require the United States to provide this water supply and would extinguish any other claims or rights the Tribe might make. Appropriations of \$43 million are authorized through FY 1983 for the temporary water supply. The permanent water supply sources are unknown but would likely be a combination of Central Arizona Project water and other sources to be determined.

Non-Indian water users in the area have been draining the aquifer on which the Ak-Chin Community also depends. Groundwater in the area is becoming critically depleted and legitimate Indian claims clearly jeopardize the ability of the non-Indian water users to continue at their current level of water consumption. At the same time, despite commitments made by the United States in 1912, surface waters are being diverted and consumed upstream and thus are not available for use by the Tribe.

The bill provides for:

- a feasibility study on short-term, temporary water supply, to be submitted to the Congress in 12 months;
- a contract with the Tribe for the temporary water supply and a binding commitment for the United

States to secure a permanent water supply within 25 years, or replacement costs in the event of failure to deliver;

- a waiver of all other claims or rights of the Tribe; and
- authorization of \$43 million for the feasibility study and construction of the short-term water supply.

VOTES IN CONGRESS

Voice vote in both chambers.

ARGUMENTS FOR SIGNING

- Settles all water claims of the Ak-Chin Indian Tribe against the United States, Arizona and non-Indian water users, and waives all such future claims against these parties (except the United States in case of failure to deliver the water as required by the Act).
- Enactment provides the first negotiated settlement of Indian water rights since the issuance of the Water Policy, which favors settlement of Indian water rights questions through negotiation rather than litigation.
- Enactment obviates potentially costly and time-consuming litigation which will undoubtedly result if the bill is not signed. Such litigation could result in considerable economic disruption to the Indian and non-Indian communities and could be extremely costly to the United States as well, due to the alleged failure to carry out its trust responsibilities with respect to the right of the Indians to the use of water.
- The bill assures a permanent water supply to the Ak-Chin, a Tribe that has developed a successful economic base and achieved substantial independence from Federal programs.

- Enactment is strongly supported by the Arizona delegation, particularly Congressman Udall, the Tribe, the State of Arizona and the non-Indian Maricopa-Stanfield Irrigation District.

ARGUMENTS FOR VETO

- The bill does not provide for a feasibility study with respect to furnishing the permanent supply of water. This is contrary to the Water Policy initiatives requiring the examination of the significant environmental, engineering and cost aspects of water projects prior to authorization.
- The bill obligates the Secretary of the Interior to provide a permanent water supply (85,000 acre/feet annually within 25 years) to the Ak-Chin, regardless of the feasibility or cost of doing so, or pay the Ak-Chin the replacement costs of water not delivered. These actions are mandated despite the fact that no definite sources of permanent water have been identified in the bill and the area is already well known for its severe water shortages.
- The potential costs to the Federal government cannot be estimated at this time. The \$43 million authorized by the bill covers only the feasibility study and development of the temporary water supply for the Ak-Chin. The bill also creates a basis for future water claims against the U. S. by both the Ak-Chin (for failure to deliver the specified amount of water) and non-Indian water users (harmed by the enactment of the bill).
- There are other Indian tribes in the central Arizona area which also have claims to water usage. Setting aside 85,000 acre/feet of water for the Ak-Chin could (1) adversely impact the availability of water for these tribes and/or (2) could establish a precedent for settling the claims of the other tribes in the same manner.
- The bill does not establish a settlement by reconciling competing water demands. Rather this legislation requires the Federal government to develop additional water sources so that all users may be satisfied.

AGENCY AND STAFF RECOMMENDATIONS

On the merits, OMB recommends that you veto the bill -- but points out that this bill is important to Congressman Udall. Interior strongly recommends approval and Justice defers to Interior.

Senior staff, and Jim McIntyre personally, unanimously recommend that you approve the bill because of its significance to Udall. I recommend that Frank call Udall and explain that we are approving it because of his interest. Mo Udall has been of such tremendous help on Civil Service, and this bill is of such importance to him, that I think it is essential we sign this bill.

DECISION

 ✓ Sign S. 1582
 Veto S. 1582

Frank - Tell
Udall of my problems
with this bill -
OMB recommends veto -
I'm signing it for
h.m
J

WASHINGTON

DATE: 27 JUL 78

FOR ACTION:

Rafshoon

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JIM MCINTYRE

FRAN VOORDE

PHIL WISE

SUBJECT: ANDRUS MEMO RE SIGNING CEREMONY FOR AK-CHIN WATER
SETTLEMENT

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

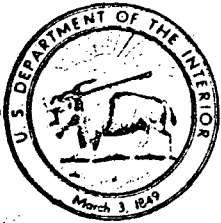
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ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*Bill is tomorrow -**I recommend against a signing ceremony because**1) time constraints**2) signing Presidential on issue which is not top priority.*



THE SECRETARY OF THE INTERIOR
WASHINGTON

JUL 26 1978

MEMORANDUM

To: The President
From: Secretary of the Interior *Cecil D. Anderson*
Re: Signing S.1582 - Ak-Chin Water Settlement

I strongly urge you to sign S.1582 and to do so at a signing ceremony with "fan-fare."

Background

The Ak-Chin are a Central Arizona Indian Tribe completely self-sufficient through their farming operations. The Tribe's ground water is running out because neighboring Irrigation Districts are drawing down the aquifers under the Reservation. We have litigation planned against the Irrigators.

S.1582 is a Bill to settle this water rights dispute. It calls for a feasibility study of a well field on nearby Federal lands. If feasible, the Bill then calls for a contract between Interior and the Tribe to develop the well field and to ultimately provide a long-term permanent supply of water to the Tribe.

Reasons To Sign Bill

The Bill is not "perfect".

BUT

The compelling reasons why the Bill should be signed are:

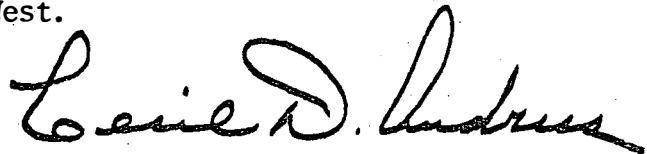
1. The cornerstone of our new water policy regarding controversial Indian water rights is negotiated settlements. The Ak-Chin Bill reflects a negotiated settlement of their water rights. The Bill is supported by everyone effected in Arizona--Indians, Irrigators, State Officials, Congressional Delegation, etc. Signing this Bill presents an excellent opportunity to:

- . show the positive aspects of the new water policy;
 - . help reduce Indian versus non-Indian tensions.
2. The Department has managed to get six other Central Arizona Tribes to the bargaining table with irrigators, municipal and industrial water users, and state officials. If the Ak-Chin Bill is vetoed, those negotiations probably will cease, leaving the Department with no alternative but litigation.
 3. Mo Udall has strongly backed the Ak-Chin Bill. There is a highly controversial Indian water rights case pending in his district concerning the City of Tucson's water supply. Settlement discussions of that case are now under way.

A veto of the Ak-Chin Bill will leave Udall "far out on a limb".

4. The Department supported the purpose of the Bill (with OMB approval) but recommended changes. The principle change we wanted was a feasibility study before construction dollars were committed. That change--and many others requested by us--are now in the Bill. We have never effectively signaled a possible veto.

In short, I think we can turn your signing of this Bill into a real plus for the Administration in the West.

A handwritten signature in dark ink, appearing to read "Leslie D. Andrews". The signature is fluid and cursive, with a large, stylized initial "L".

THE WHITE HOUSE

WASHINGTON

28 July 1978

①

MEMORANDUM FOR THE PRESIDENT

FROM:

RICK HUTCHESON *R.H.*

SUBJECT:

Status of Presidential Requests

EIZENSTAT:

1. (7/10) Have NHI directive and principles ready to release when the President returns from FRG -- Done. *done*

WATSON:

1. (7/18) Determine whether the regulations (of which the President does not disapprove) concerning the difficulties with the Corps of Engineers on Lake Hartwell are applied uniformly on a given lake and throughout the nation -- Done. *done*

WEXLER:

1. (7/27) Immediately set up a meeting with key religious leaders to get their help on foreign aid; the President will participate -- Done, (scheduled for 7/31). *done*

VICE PRESIDENT:

1. (7/27) Please monitor the Senators' working group on the cloture vote on natural gas; early commitments are needed and the President will help -- Ongoing.

BRZEZINSKI:

1. (6/21) Ask your staff and ACDA to prepare an assessment of Foreign Affairs article on SALT -- In Progress, (expected 8/2).
2. (7/18) (and Vance, Brown) Prepare a brief comment on the discussion paper prepared by Reps. Carr and Downey concerning "Crisis Stability and SALT II" -- Done. *done*

MCINTYRE:

1. (6/16) Work on Strauss suggestion that all departments develop plans for cutting back on travel expenses by 20-25% -- In Progress, (expected 8/1, previously expected 7/26).

LIPSHUTZ:

1. (7/24) Jack Watson has requested additional personnel to accommodate interagency and urban program coordination. Work this out with Jack and Hugh -- In Progress, (expected 8/3).

WASHINGTON

DATE: 28 JUL 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

JACK WATSON

ANNE WEXLER

JIM MCINTYRE

SUBJECT: WARREN MEMO RE ASSESSMENT OF CONCERNS RAISED BY
ENVIRONMENTAL LEADERS

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

	FOR STAFFING
<input checked="" type="checkbox"/>	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
<input checked="" type="checkbox"/>	LOG IN/TO PRESIDENT TODAY <i>no</i>
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

<input checked="" type="checkbox"/>	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
<input checked="" type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	WEXLER
	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

July 28, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

Charles Warren
Gus Speth

SUBJECT:

Assessment of Concerns Raised by Environmental
Leaders

On May 11, 1978, representatives of the major national environmental organizations met with you to discuss their concerns. After the meeting, we informed you that we would examine each of the six major issues raised by the groups and report to you our findings and recommendations regarding unresolved issues.

1. Water Resources Reform. The organizations urged development of a strong Administration policy. Both before and after the May 11 meeting, we worked closely with environmental groups. When the policy was announced on June 6, 1978, they were generally pleased. The organizations are concerned that your directives are properly implemented (a responsibility assigned to Interior, CEQ, and OMB), and are monitoring the process carefully. ✓

2. Forest Service Wilderness Designation. The organizations are very concerned that the Forest Service's Roadless Area Review and Evaluation ("RARE-II") program is seriously skewed against including roadless tracts in the wilderness preservation system. The eight major alternatives under consideration range from recommending as wilderness 33 percent to only 6 percent of the total acres. Our assessment of this issue is presented in Attachment A. Our conclusion is that the organizations' concerns are for the most part well founded. We understand that the Forest Service has under consideration several options for correcting the situation and we will work closely with the agency to achieve this objective. ✓

3. Endangered Species Act. Very serious reservations were expressed about the quality of Interior's and Commerce's (NOAA's) implementation of the Act. These concerns were reiterated in a May 26 letter to you from 14 environmental organizations. Our assessment is presented in Attachment B. We find a need for major improvement in the Endangered Species Act implementation program. Accordingly, we will work closely with Interior and NOAA to identify and overcome obstacles to more effective implementation of the Act.

This week NOAA and Interior finally resolved their five year dispute over providing protection for sea turtles. The result was well received by interested environmental organizations, but they continue to point to the need to improve agency implementation of the Act. ✓

4. Management of Wildlife Refuges. The environmental organizations expressed great concern with the recent actions of the Fish and Wildlife Service Director in opposing recommendations for improving the management of the National Wildlife Refuge System. Our assessment is presented in Attachment C, and we believe there is room for substantial improvement in Refuge Management. This fact is underscored by a July 14, 1978 U.S. District Court decision that found ✓ the Service's regulations for the Ruby Lake Refuge in Nevada to be unlawful because the regulations were inconsistent with the Service's mandate to preserve, protect, and enhance wildlife and other natural resources. We will meet with Assistant Secretary Herbst to determine what can be done to alleviate the problem.

5. Non-Game Wildlife Legislation. Legislation to provide limited federal support for non-game wildlife is now moving successfully through Congress. The Administration opposes this legislation. The environmental organizations hope that you will not veto it. Our assessment is provided ✓ in Attachment D. Non-game wildlife (such as songbirds) comprise about 99 percent of all wildlife species and need protection. Funds now allocated to game species enhancement are not likely to be reallocated. The authorization in the legislation pending in Congress is not large (\$120 million in total for a three year period). If the bill passes, we would recommend that you not veto the bill.

6. Energy Issues. Disagreement by environmental organizations with Administration energy programs is one of the most serious issues straining Administration relationships with environmentalists. Among the major issues are their opposition to the Administration's nuclear siting bill and their doubts about DOE's commitment to accelerated solar energy development. Environmentalists strongly support and ✓ applaud your continued opposition to the Clinch River Breeder Reactor. And your commitment to a strong solar program to be developed by the Domestic Policy Review is important to minimizing conflict with environmental organizations. In addition, having Omi Walter and Ruth Clusen at DOE should help improve relationships in the future. Serious conflicts with environmental organizations could occur if the interagency task force on radioactive waste management fails to reach its conclusions and recommendations in a manner that is without bias towards promoting nuclear power growth.

ATTACHMENT A

Forest Service Wilderness Designation

A. Background Environmental Concerns

The Forest Service Roadless Area Review and Evaluation ("RARE-II") program is to determine which undeveloped National Forest lands of 62 million acres under consideration should be preserved as wilderness, which opened for non-wilderness uses, and which should be studied further. The proposed action is to make these determinations "through the NEPA process." A draft environmental impact statement has been published. Of the eight major alternatives under consideration it is proposed to recommend designation as wilderness from a maximum of 33 percent of the acreage under consideration to a minimum of six percent.

B. Environmental Organizations' Concerns

The environmental groups' major concerns with the RARE-II program are that the alternatives under consideration are seriously skewed against wilderness designations and that there appears to be strong commitment to designating only a few areas for further study despite the lack of adequate data. These concerns are reinforced by their understanding that the Forest Service is planning to recommend only about five million acres of wilderness, thereby meeting the Resources Planning Act goal established by the previous Administration of designating in total 25 to 30 million acres of wilderness.

C. Assessment

Stu has met with environmental organization representatives. We believe that the organizations' concerns with the current RARE-II program are for the most part well founded. We understand that the Forest Service has under consideration a number of options for correcting the situation.

We will monitor the process closely in order to aid in ensuring that the RARE-II process be an objective and balanced consideration for wilderness designation of the few roadless areas remaining in the Nation, that the Ford Administration wilderness planning goal not be a constraint on this program, and that wilderness/nonwilderness determinations not be made where adequate data is lacking.

ATTACHMENT B

Endangered Species Act

A. Background

Under the Endangered Species Act of 1973, about 200 U.S. species have been placed on the Endangered Species List while thousands remain endangered. Recovery plans must be completed before protective actions other than habitat protection can be undertaken and only 15 plans have been approved. No funds have been spent for habitat protection. A major Department effort now underway is to review the current Endangered Species List to determine if the listed species should remain on the list. In the spring, amidst much controversy, the Interior Department official widely recognized by the environmental and scientific community for responsibly implementing the Act was transferred to the field and a different assignment. Meanwhile, it took five years for Interior and Commerce (NOAA) to resolve their differences about what actions should be taken to protect sea turtles whose stocks are seriously threatened.

B. Environmental Organizations' Concerns

Environmentalists are deeply concerned with Interior's inadequate implementation of the Endangered Species Act, in particular by Interior's moving too slowly in listing species and initiating actions to aid in their recovery. and by using the limited resources available in delisting species rather than listing and protecting them.

C. Assessment

The environmental organizations' concerns are well founded. For example, the Smithsonian Institution has identified over 3,000 plants within the United States as threatened or endangered; Interior has listed only about 17. Interior is concentrating current efforts on a review of species already on the list to assure that the list is "credible." Although Interior claims that it lacks sufficient resources to implement the Act adequately, it is questionable whether the Department should allocate the scarce resources it has available to delisting rather than to listing activities.

ATTACHMENT C

Misuse Of National Wildlife Refuge Lands

A. Background and Environmental Organizations' Concerns

For some time, environmental organizations have been seriously concerned with the U.S. Fish and Wildlife Service's management of the National Wildlife Refuge System. The organizations claim that the Service has failed to manage the System consistent with the agency's mission to protect, preserve, and enhance habitat for fish and wildlife. In particular, the organizations are concerned that extensive logging, grazing, mining, hunting and other commodity uses are being allowed to occur on refuge lands.

In response to these criticisms, Assistant Secretary Herbst established in June 1977 the National Wildlife Study Task Force to develop information and to formulate recommendations for the Assistant Secretary regarding the policies, operations, maintenance, funding, administration and identity of the National Wildlife Refuge System. Early in 1978, the Task Force completed its report and for each Task Force recommendation the Fish and Wildlife Service Director prepared detailed comments and responses. In February 1978 the Task Force report together with the Director's comments was published. Five of the 26 Task Force recommendations specifically address commodity use issues which are of concern to environmentalists and propose significant management changes. The Director, however, opposed these Task Force recommendations and supported a status quo policy. Assistant Secretary Herbst will receive the report and its recommendations, the Director's comments in opposition, and assessments of the public's comments.

On July 14, 1977, the U.S. District Court for the District of Columbia declared Interior Department regulations for the Ruby Lake Wildlife Refuge in Nevada invalid because they permitted the refuge to be used for recreational uses that were incompatible with the purposes of the refuge system. The judge found that, "refuges are [to be] maintained for the primary purpose of preserving, protecting, and enhancing wildlife and other natural resources...."

B. Assessment

Data in the environmental impact statement on the refuge system and the Task Force report supports our view that the refuge lands are being more extensively used for commercial activities than they should be and that the Task Force report's management recommendations are appropriate and, if implemented, would improve the situation. Thus, we believe the environmentalists are correct in seeking changes in national refuge land management and are properly concerned with the status quo attitude of the Fish and Wildlife Service Director.

ATTACHMENT D

Nongame Wildlife Legislation

A. Background

On May 24, 1978, legislation that would provide special protection for nongame wildlife was passed by the Senate with broad support despite Administration opposition. The House is likely to pass the bill this summer, again with broad support. The enrolled bill will probably reach you in the fall. The bill authorizes in total over three years about \$120 million.

Nongame wildlife (such as songbirds), which comprise about 99 percent of all wildlife species, need protection. However, 97 percent of federal wildlife dollars are devoted to game species which comprise only about one percent of all wildlife species. Your May 1977 Environmental Message supported providing additional federal support for nongame wildlife. Yet, despite this fact and Congressional interest, it was decided not to send a draft Administration nongame bill to Congress.

B. Environmental Organizations' Concerns

Environmentalists believe that new legislation to establish a nongame wildlife program is essential and that the Administration is planning to oppose nongame legislation which should reach you during this session of Congress.

C. Assessment

New nongame wildlife legislation is needed because legislative, political, and fiscal reasons preclude most states from using funds derived from hunting/fishing activities to protect nongame wildlife. OMB opposes new legislation for fiscal reasons. The draft Administration bill would have required only about \$50 million and Congress' bill seeks in total for three years only \$120 million.

THE WHITE HOUSE

WASHINGTON

July 28, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER *HC*

SUBJECT:

Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 7/21</u>	<u>WEEK ENDING 7/28</u>
Presidential	25,455	22,660
First Lady	1,190	1,310
Amy	185	230
<u>Other First Family</u>	<u>60</u>	<u>50</u>
TOTAL	26,890	24,250

BACKLOG

Presidential	5,380	2,320
First Lady	180	60
Amy	0	0
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	5,560	2,380

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	7%	9%
WH Correspondence	48%	46%
Unanswerable Mail	19%	19%
White House Staff	5%	4%
<u>Other</u>	<u>21%</u>	<u>22%</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters	5,016	13,066
Form Post Cards	8,700	3,675
Mail Addressed to White House Staff	16,566	15,339

cc: Senior Staff

MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 7/21/78

ISSUES	PRO	CON	COMMENT ONLY	NUMBER LETTERS
Support for Andrew Young's Statement re: Political Prisoners in the United States	13%	86%	1%	1,446
Support for United States Intervention on Behalf of Russian Dissidents	88%	12%	0	634
Support for President's Proposal to Increase Aid for Financing Higher Education	3%	97%	0	294
Support for President's Position re: Capital Gains Tax	10%	90%	0	<u>220</u>
			TOTAL	2,594

THE WHITE HOUSE
WASHINGTON
July 28, 1978

Jack Watson

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Frank Moore's office for delivery.

Rick Hutcheson

cc: Frank Moore

*Given to Marsha Thomas
for appropriate handling.*

THE WHITE HOUSE

WASHINGTON

July 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*
SUBJECT: Letter from California
Congressional Delegation

38 Members of the California Congressional Delegation have written you expressing their concern over Proposition 13 and "fair" federal response to it. They suggest we look into the possibility of providing advance payments of federal grant funds to local governments to help cash flow problems. I have indicated I would do this if provided with more information.

The attached reply was staffed to Les Francis, Congressional Liaison, for review. His comments, which I have incorporated in the letter, ~~are also attached~~. If you agree with this response, I will have copies of your reply sent to the other co-signers of the letter.

Attachments

048E

THE WHITE HOUSE

WASHINGTON

July 28, 1978

To Congressman Augustus Hawkins

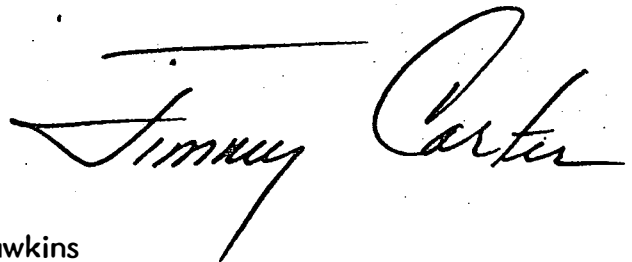
Thank you for your letter of June 30, 1978, regarding possible Federal reaction to Proposition 13. As a former local and state official, I fully appreciate the effects this action can have on the ability of local governments to continue vital services to people.

I understand that as a result of recent state legislation most of the revenue reductions resulting from the property tax rollback have now been made up by distribution of the state budget surplus. I am not personally aware of any particular or significant hardships that now exist in meeting Federal program requirements.

I have directed Jack Watson of my staff to coordinate the Administration's response to the issues and problems in California raised by the adoption of Proposition 13. We will be as flexible and fair as possible within statutory constraints. I have also asked him to look into the advance payments issue, but it would help to have more detailed information on specific cash flow problems. Although some programs may be able to provide such payments, others may not.

I appreciate your raising this issue with me. Please be assured that we will continue to be fair and balanced in our response to the situation in California.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Augustus F. Hawkins
U.S. House of Representatives
Washington, D.C. 20515

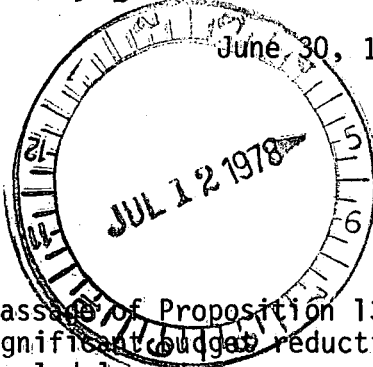
Congress of the United States

House of Representatives

Washington, D.C. 20515

7

The President
The White House
Washington, D.C. 20500



Jack Watson
CONGRESSIONAL
LIAISON

JUL 10 1978

Dear Mr. President:

In the wake of the passage of Proposition 13, local governments in California may face significant budget reductions. As Members of the California Congressional delegation, we are concerned that these reductions might be exacerbated by narrow interpretation of provisions in federal assistance programs such as the maintenance of effort requirements in CETA legislation. The resulting reductions would cause unduly harsh cutbacks in local government services and thwart national policy objectives.

We, therefore, urge you to direct your Administration to use available options within federal statutes to prevent unwarranted reductions in assistance. One option, for example, could involve the use of advance payment of grant funds to local governments in order to minimize cash flow problems. We are not suggesting that increased federal assistance be made available to California, but we are requesting a fair and logical interpretation by your Administration of the Congressional intent in the relevant federal statutes.

We thank you for your concern and look forward to working with you in the months ahead.

Sincerely yours,

Norman Y. Mineta
NORMAN Y. MINETA, M.C.

Jim Lloyd
JIM LLOYD, M.C.

Jim Santini
JIM SANTINI, M.C.

Lionel Van Deerlin
LIONEL VAN DEERLIN, M.C.

Augustus F. Hawkins
AUGUSTUS F. HAWKINS, M.C.


John E. Moss
JOHN E. MOSS, M.C.

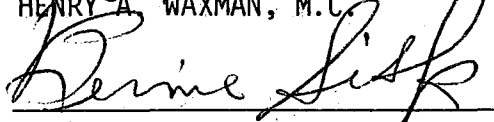
Don Edwards
DON EDWARDS, M.C.

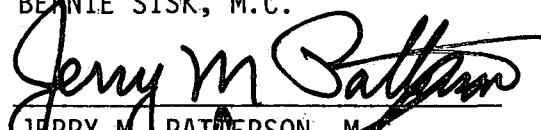
John J. McFall
JOHN J. MCFALL, M.C.


508
6000

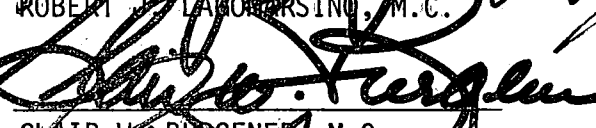

JOHN KREBS, M.C.

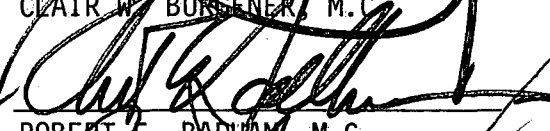

HENRY A. WAXMAN, M.C.



BERNIE SISK, M.C.

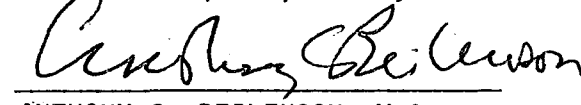

JERRY M. PATTERSON, M.C.

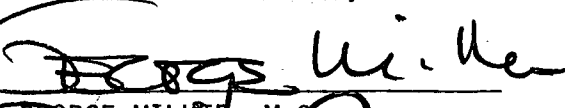

ROBERT J. LAGOMARSINO, M.C.

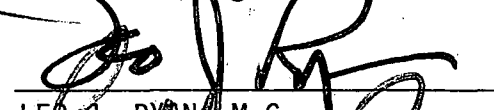

CLAIR W. BURSENER, M.C.

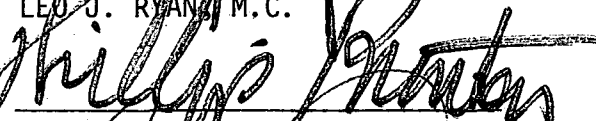

ROBERT E. BADHAM, M.C.



FORTNEY H. (PETE) STARK, M.C.

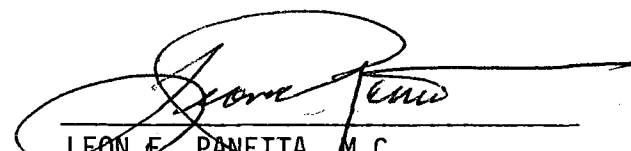

ANTHONY C. BEILENSEN, M.C.



GEORGE MILLER, M.C.


LEO J. RYAN, M.C.

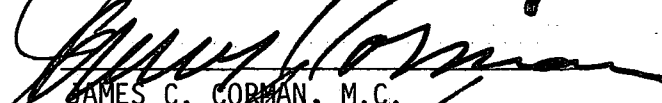

PHILLIP BURTON, M.C.

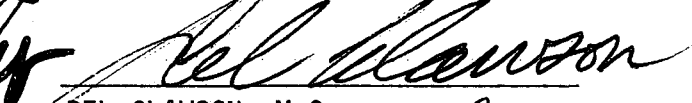

BARRY M. GOLDWATER, JR., M.C.

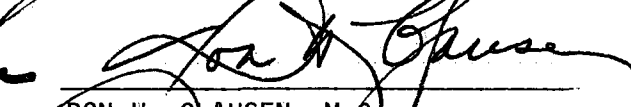

LEON E. PANETTA, M.C.

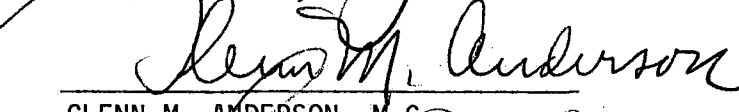

EDWARD R. ROYBALL, M.C.

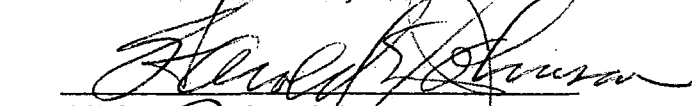

MARK W. HANNAFORD, M.C.



JAMES C. CORMAN, M.C.

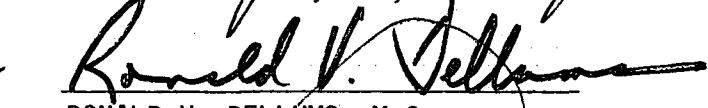

DEL CLAWSON, M.C.


DON H. CLAUSEN, M.C.


GLENN M. ANDERSON, M.C.



HAROLD T. JOHNSON, M.C.


GEORGE E. BROWN, JR., M.C.


RONALD V. DELLUMS, M.C.


YVONNE BRATHWAITE BURKE, M.C.


CARLOS J. MOORHEAD, M.C.


GEORGE E. DANIELSON, M.C.

Charles E. Wiggins

CHARLES E. WIGGINS, M.C.

Bob Wilson

BOB WILSON, M.C.

Robert K. Dornan

ROBERT K. DORNAN, M.C.

John H. Russett

JOHN H. ROUSSELOT, M.C.

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C. 20515

PUBLIC DOCUMENT

OFFICIAL BUSINESS

THE PRESIDENT
THE WHITE HOUSE
WASHINGTON, D.C.
20500

Wm. J. F. Fick

M.C.

92

Postmaster:

Address Correction Requested.

Do Not Forward.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

July 25, 1978

1978 JUL 27 AM 10 27

MEMORANDUM TO: JACK WATSON

FROM: LES FRANCIS *LES*
JIM COPELAND

SUBJECT: Letter from California Congressional Delegation

We suggest a shorter, more direct response, covering the following points:

1. I have directed the Cabinet to be as flexible as statutes permit.
2. I have directed Jack Watson to coordinate the effort.
3. If you become aware of specific problems, please contact Jack or let me know.

The comment " . . . that the Federal Department and Agency officials will always act with the utmost concern for the people their programs are meant to serve" should perhaps be toned down. Members of Congress are reminded daily through the complaints of their constituents that some in the federal government don't always meet the goal of acting "with utmost concern".

THE WHITE HOUSE
WASHINGTON

July 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

SUBJECT:

Letter from California
Congressional Delegation

38 Members of the California Congressional Delegation have written you expressing their concern over Proposition 13 and "fair" federal response to it. They suggest we look into the possibility of providing advance payments of federal grant funds to local governments to help cash flow problems. I have indicated I would do this if provided with more information.

If you agree with this response, I will have copies of your reply sent to the other co-signers of the letter.

Attachment

The attached reply for your signature was stuffed to Les Francis for review. ~~I attached a copy of his memo~~ which I have incorporated his recommendations in the letter, are also attached.

THE WHITE HOUSE

WASHINGTON

To Congressman Hawkins

Thank you for your letter of June 30, 1978, regarding possible federal reaction to Proposition 13. As a former local and state official, I fully appreciate the effects this action can have on the ability of local governments to continue vital services to people.

I understand that as a result of recent state legislation most of the revenue reductions resulting from the property tax rollback have now been made up by distribution of the state budget surplus. I am not personally aware of any particular or significant hardships that now exist in meeting federal program requirements.

ment (A) ~~I assure you that the Federal Department and Agency officials will always act with the utmost concern for the people their programs are meant to serve. Jack Watson of my staff has been working with the agencies on this issue and is assured that they are being as flexible and fair as possible within statutory constraints. I have asked him to look into the advance payments' issue but it would help to have more determined information on specific cash flow problems. Although some programs may be able to provide such payments, others may not.~~ *also*

detached

Again, I appreciate your raising this issue
with me and you can feel confident my
administration will continue its fair and
balanced response to this problem.

insert
(B)

Sincerely,

The Honorable Augustus F. Hawkins
U. S. House of Representatives
Washington, D. C. 20515

Dear-----:

same first paragraph

same second paragraph

(A)

I have directed Jack Watson of my staff to coordinate the Administration's effort- response to ~~specific~~ the issues ~~raised-by-the-~~ and problems in California raised by the adoption of Proposition 13. We will be as flexible and fair as possible within statutory constraints. ~~If there is specific information on the advance payments proposal, it should be made available to Mr. Watson.~~

I appreciate your raising this issue with me. Please be assured that we will continue to be fair and balanced in our response to the situation in California.

(B)

Pat - re do -
attached with
these changes
per Los Travis memo.
Tha
RE

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

July 27, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}
Subject: June CPI (to be released Friday morning, July 28,
at 9:00 A.M.)

The June CPI increased by 0.9 percent -- the same as April and May. This is the fourth month in a row in which the annual rate of inflation has been in double-digit figures.

Food prices rose sharply again -- by 1.3 percent. On the basis of wholesale price data we had expected one more month of sharp increases. The category, "meats, poultry and fish" rose by 2.6 percent, and beef alone by 5.6 percent. One heartening development in the food area was that fruit and vegetable prices came down a little in June, after a large May increase.

All items except food continued to rise at a disappointing rate, 0.7 percent -- compared to 0.8 in May and 0.7 in both March and April.

In the first six months of this year, the annual rate of price increase was:

All items	10.4%
Food	18.4
Other	8.7

We continue to expect a moderation of food price increases during the remaining six months of the year. Outside the food area, prospects for moderation are not very good. Mortgage interest costs may rise a little less rapidly in coming months, and this may also help to hold down the overall rise of consumer prices. But productivity growth has been so weak over this past year that costs are increasing rapidly in many industries, and markets are strong enough to permit businesses to pass through added costs to prices. If productivity performance begins to improve, as we hope it will, some relief from cost pressures could occur. We cannot be sure, however, when or to what degree that will happen.

THE WHITE HOUSE
WASHINGTON

July 28, 1978

Jerry Rafshoon

The attached was returned in the
President's outbox and is forwarded
to you for appropriate handling.

Rick Hutcheson

cc: Jody Powell
Fran Voorde
Phil Wise

NBC INTERVIEW REQUEST

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
/	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
/	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
/	RAFSHOON
/	SCHNEIDERS
/	VOORDE
	WARREN
/	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

7/27/78

Mr. President:

Jody concurs.

Rick

You could do this at 2:45
on Tues. Aug 1

Phil

DISAPPROVE

meeting with senator ted kennedy
7/28/78

THE WHITE HOUSE
WASHINGTON

Enroll Competition
Insurers / Govt regulation

Benefit Pkgs - Cost

Cost Controls. type

Phasing method

One bill

What parts Ken/Long?

THE WHITE HOUSE
WASHINGTON

July 28, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Phil Wise
Fran Vorode

SEN. EAGLETON

		FOR STAFFING
		FOR INFORMATION
		✓ FROM PRESIDENT'S OUTBOX
		LOG IN/TO PRESIDENT TODAY
		IMMEDIATE TURNAROUND
		NO DEADLINE
		LAST DAY FOR ACTION -

ACTION
FYI

		ADMIN CONFID
		CONFIDENTIAL
		SECRET
		EYES ONLY

		VICE PRESIDENT
		EIZENSTAT
		JORDAN
		KRAFT
		LIPSHUTZ
		✓ MOORE
		POWELL
		WATSON
		WEXLER
		BRZEZINSKI
		MCINTYRE
		SCHULTZE

		ARAGON
		BOURNE
		BUTLER
		H. CARTER
		CLOUGH
		COSTANZA
		CRUIKSHANK
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HUTCHESON
		JAGODA
		LINDER
		MITCHELL
		MOE
		PETERSON
		PETTIGREW
		PRESS
		RAFSHOON
		SCHNEIDERS
		✓ VOORDE
		WARREN
		✓ WISE

		ADAMS
		ANDRUS
		BELL
		BERGLAND
		BLUMENTHAL
		BROWN
		CALIFANO
		HARRIS
		KREPS
		MARSHALL
		SCHLESINGER
		STRAUSS
		VANCE

THE WHITE HOUSE

WASHINGTON

July 28, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

Fm/pd

I had already invited Senator Eagleton to have lunch with you next Tuesday before I was aware that you wished to sign off personally on each of these meetings. I hope that it will be okay to proceed with this and on subsequent meetings I will check with you.

APPROVE _____

✓

DISAPPROVE _____

J

1:00 PM

THE WHITE HOUSE

WASHINGTON

July 27, 1978

MEMORANDUM FOR THE PRESIDENT

From: Walter Wurfel

Re: Your 1:00 p.m. Friday session with non-Washington
media in the Cabinet Room

Attending will be 29 corporate news chiefs of newspaper
and broadcast groups, plus Broadcasting Magazine Editor
Sol Taishoff.

- - -

Attached is an opening statement on civil service reform
which Jerry Rafshoon recommends you use.

NBC's John Dancey will be filming this opening statement
for a special Evening News segment on civil service reform.
The usual photo session will take place at the same time.
The cameras will stay in the room until you conclude the
civil service statement.

In addition, the long chart on the difficulties of firing
an incompetent civil service employee will be in the
Cabinet Room as a backdrop. The prepared statement makes
reference to it.

- - -

Before meeting with you the group will hear from Scotty
Campbell, Bob Embry (urban policy), Richard Cooper (Bonn
summit), and Mary Schuman (airline regulatory reform).
Later they will be briefed by John O'Leary and Matt
Nimetz (Turkish arms embargo).

I will stop the Q and A after 25 minutes to allow time
for the usual one-on-one pictures with you.

FOREIGN POLICY

NUMBER 31 SUMMER 1978

CARTER AND THE MANAGEMENT OF CONTRADICTIONS

by Thomas L. Hughes

Pres. Carter:

If you have not your
should read this. Pass it
on to Refshon.

Chilo

Jerry. I'd
read this earlier -
it's good
J

31
REPRINT

STATEMENT ON CIVIL SERVICE REFORM

OUT-OF-TOWN EDITORS BRIEFING

Nearly a century ago the Pendleton Act set up our present-day civil service. In 1883 that act was a reform, and many of its provisions remain just as valuable today. But over the years protection of federal workers has too often turned to featherbedding. Procedural safeguards have become snarls of red tape.

What began as a system to end political patronage sometimes seems to have turned into a system of lifelong tenure for bureaucrats, whether they produce or not.

What began as a merit system for promotions has too often turned into an automatic escalator. All you need to do is get on it to be carried along for thirty years and eased off at the other end with a comfortable pension. Some care more about longevity than they do about innovation, creativity, energy and compassion.

Machinery to protect the rights of civil servants has become so complicated that it's easier to transfer an incompetent employee than to fire him or her. Transfers don't solve the problem; they just spread it around.

You can see behind me a chart that shows the path that must be taken by a federal manager who wants to fire

a federal civil servant who's not doing his or her job. As you can see it sometimes takes as long as nineteen months to go through the entire procedure. Instead of a reformer's dream, we now have a manager's nightmare.

One of my most important pledges when I ran for President was to reform our government so that it would become as competent, as efficient as the American people themselves. Civil Service reform is the centerpiece of my government reorganization effort.

You are news executives. Ask yourselves how well you could manage your own shops if it took you months, even years, of effort to fire a single incompetent employee. Ask yourselves how long your best workers would remain strongly motivated if they were rewarded little better than your worst workers.

Don't misunderstand me. The federal government is full of hard-working, dedicated public servants. They are the majority. But the present system discourages them and actually makes it more difficult for them to do good jobs.

The only way to restore public confidence in this vast majority who want to do their work well is to deal firmly and effectively with those few who do not.

These are the reasons for my civil service reform proposals.

These are some of the things those proposals would do. They would increase employee incentive by setting up a new, merit-based Senior executive Service for top managers by offering merit pay to thousands of managers just below that level, and by establishing a fairer and speedier appeals system.

They would give management more flexibility by widening the range of choice in hiring employees. They would replace the Civil Service Commission with a new Merit Systems Protection Board to protect federal employees -- including "whistle-blowers" -- from political abuse. A new office of Personnel Management would take over the Commission's responsibility for running the federal personnel management system.

Taken altogether, these measures will give us the tools to make government a responsive and responsible servant of the American people -- not a rigid and remote mandarin state operated in its own self-interest.

THE WHITE HOUSE

WASHINGTON

A G E N D A

Editors' Briefing

July 28, 1978

8:30 - 8:40 a.m.	Coffee
8:40 - 9:00 a.m.	WALT WURFEL, Deputy Press Secretary PATRICIA BARIO, Associate Press Secretary PAT BAUER, Editor, White House News Summary
9:00 - 9:45 a.m.	ALAN K. (SCOTTY) CAMPBELL Chairman Civil Service Commission
9:45 - 10:00 a.m.	Break
10:00 - 10:45 a.m.	ROBERT C. EMBRY, JR. Assistant Secretary for Community Planning and Development Department of Housing & Urban Development
10:45 - 10:55 a.m.	Break
10:55 - 11:40 a.m.	RICHARD COOPER Under Secretary for Economic Affairs Department of State
11:40 - 12:30 p.m.	Lunch with MARY SCHUMAN Assistant Director Domestic Policy Staff
12:30 - 12:45 p.m.	En Route to Cabinet Room
12:45 - 1:00 p.m.	GERALD M. RAFSHOON Assistant to the President for Communications
1:00 - 1:30 p.m.	Q & A WITH PRESIDENT CARTER
1:30 - 2:15 p.m.	Filing Time
2:15 - 3:00 p.m.	JOHN O'LEARY Deputy Secretary Department of Energy
3:00 - 3:45 p.m.	MATTHEW NIMETZ Counselor Department of State

JULY 28 BRIEFING PARTICIPANTS

BONNEVILLE INTERNATIONAL CORPORATION
Arch L. Madsen
President
Salt Lake City, Utah

4 AM, 7 FM, 2 TV in
6 states (Mormon-owned)

BROADCASTING MAGAZINE
Sol Taishoff
Editor
Washington, D.C.

CENTRAL NEWSPAPERS, INCORPORATED
Frank Russell
Vice President & General Manager
Indianapolis, Indiana

7 dailies in Arizona
and Indiana

CHICAGO TRIBUNE, INC.
John L. Wagoner
News Editor
Chicago, Illinois

COMBINED COMMUNICATION CORPORATION
Ray Cox
Vice President
Phoenix, Arizona

5 AM, 3 FM, 7 TV, 2
newspapers in 10
states

COX NEWSPAPERS
Jack Tarver
Vice President
Atlanta, Georgia

13 newspapers in
4 states

EL DIARIO-LA PRENSA
O. Roy Chalk
Publisher
New York City, New York

GANNETT COMPANY, INCORPORATED
John C. Quinn
Senior Vice President/News & Information
Rochester, New York

57 newspapers in
17 states and abroad

G.E. BROADCASTING
Ernest Tetrault
Anchorman, WRGB-TV
Schenectady, New York

3 AM, 5 FM, 3 TV in
5 states

GUY GANNETT PUBLISHING COMPANY
John R. DiMatteo
President
Portland, Maine

5 dailies in Maine

HARTE-HANKS NEWSPAPERS
Robert G. Marbut
President & Chief Executive Officer
San Antonio, Texas

22 newspapers in
8 states

HEARST STATIONS

John O'Connell
Executive Editor
New York City, New York

4 AM, 3 FM, 3 TV in
5 states

JEFFERSON-PILOT BROADCASTING COMPANY

Bill Ballard
News and Information Manager
Charlotte, North Carolina

3 AM, 3 FM, 2 TV in
5 states

LINDSAY-SCHAUB NEWSPAPERS, INC.

Bob Hartley
Lindsay-Schaub Editor
Decatur, Illinois

9 dailies in Illinois and
Michigan

LIN BROADCASTING

Jack Hyland
News Director
WFIL Radio
Philadelphia, Pennsylvania

4 AM, 4 FM, 3 TV in
6 states

LEE ENTERPRISES

Robert A. Brunner
News Director
WSAZ-TV
Huntington, West Virginia

2 Radio, 5 TV, 16
newspapers in 10 states

MARTINSVILLE BULLETIN

Robert H. Haskell, III
Executive Vice President
Martinsville, Virginia

MEDIA GENERAL, INCORPORATED

John A. Leard
Vice President & Executive Editor
Richmond Times-Dispatch and News Leader
Richmond, Virginia

6 newspapers in
3 states

METROMEDIA, INCORPORATED

Mark Monsky
Vice President for News
New York City, New York

5 AM, 7 FM, 6 TV in
10 states

NEWHOUSE NEWSPAPERS

Dave Starr
Senior Editor
Springfield, Massachusetts

Broadcast stations
in 4 states, 32
newspapers in 11 states

PARK BROADCASTING, INCORPORATED

Roger Turner
Vice President for Radio
Ithaca, New York

14 Broadcast stations
in 11 states, 21
newspapers in 6 states

RUST CRAFT BROADCASTING CORPORATION

Marshall L. Berkman
President
Pittsburgh, Pennsylvania

6 AM, 5 FM, 6 TV in
7 states

SCRIPPS-HOWARD BROADCASTING

Donald L. Perris
President
WEWS-TV
Cleveland

2 AM, 1 FM, 6 TV in
5 states

SCRIPPS LEAGUE NEWSPAPERS

Steven M. Harry
Managing Editor
Haverhill Gazette
Haverhill, Massachusetts

25 newspapers in
13 states

SPANISH INTERNATIONAL COMMUNICATIONS CORPORATION

Guillermo Restrepo
News Director
WXTV
New York City, New York

5 TV in 5 states

STAR AND TRIBUNE COMPANY

Paul A. Tattersall
Vice President for Affiliates
Minneapolis, Minnesota

STORER BROADCASTING

Dan DiLoreto
Vice President & General Manager
WGBS Radio
Miami Beach, Florida

4 AM, 1 FM, 7 TV
in 9 states

TOLEDO BLADE

Paul Block, Jr.
Publisher
Toledo, Ohio

WESTINGHOUSE BROADCASTING

William S. Scott
Vice President-Radio News Operations
WINS
New York, New York

7 AM, 2 FM, 5 TV
in 8 states

WOMETCO ENTERPRISES, INCORPORATED

Ralph Renick
Vice President in Charge of
Television News Operations
Miami, Florida

1 FM, 4 TV, several
closed-circuit TV
outlets across country

THE WHITE HOUSE
WASHINGTON

7/28/78

Mr. President:

Cong. Wright and Brademas
have requested a meeting today
on a possible Greek/Turkey com-
promise. Frank recommends.

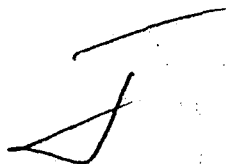
I suggest 2:45 pm after
the Califano meeting. We can delay
Camp David departure if necessary.

☒ approve ☐ disapprove

Phil

30 min.
ok.

Telp
Ros



11:30 AM

THE WHITE HOUSE

WASHINGTON

MEETING WITH EXECUTIVE COMMITTEE

OF THE NATIONAL GRANGE

Friday, July 28, 1978

11:30 a.m. (15 minutes)

The Cabinet Room

From: Stu Eizenstat

Spn

I. PURPOSE

To provide National officers of the Grange an opportunity to discuss a range of policy issues of interest to their membership.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background: As you know, the Grange is one of the four or five leading national farm organizations. The Grange was founded in Washington, D.C. in 1867. Its current membership numbers around 500,000 in 41 states. The average age is about 50. Approximately one-third of the members live on farms, primarily small farms representing a cross section of commodity interests.

Of all the major farm organizations, the Grange has been perhaps the most supportive of Administration policy. They were particularly staunch allies during the "farm strike" last winter. Their position on a wide range of agricultural issues has been both reasonable and constructive.

John Scott, Master of the Grange, is a Pennsylvania Republican. We are told that philosophically Mr. Scott is far closer to Bob Bergland than to Earl Butz. In general, the organization has followed his low-keyed, personally conservative approach. In his keynote speech at the National Convention of the Grange in North Carolina several months ago, Master Scott called on the delegates to adopt a resolution favoring ratification of the Panama Canal Treaties. At the same time, a subcommittee was pushing forward with a resolution in opposition to ratification. Scott used his personal prestige to block the resolution of opposition, but was unable to get a resolution supporting his position in favor of the Administration.

B. Participants: Attached at Tab A.

C. Press Plan: White House photographer

III. TALKING POINTS

Attached at Tab B.

PARTICIPANTS

Staff: Stu Eizenstat
 Lynn Daft

The National Grange

John W. Scott, Master
A. Edward Andersen, Overseer
Robert G. Proctor, Secretary
Robert M. Frederick, Legislative Director
David R. Lambert, Director of Regulatory Affairs
Woodrow Tucker, Chairman of the Executive Committee
Jack Silvers, Secretary of the Executive Committee
Delwin Cross, Member of the Executive Committee
Chester Deaver, Member of the Executive Committee
Dianne Liepold, Executive Secretary

TAB B.

TALKING POINTS

- o For the most part, this can be a listening session for you. The Committee will wish to briefly describe their views on a few key issues. A list of those issues of greatest interest and the Grange position is attached, as is a copy of their complete set of 1978 legislative policies.
 - o We appreciate their support and encouragement throughout the past few months, particularly through the difficult months when we were under pressure to adopt some very short-sighted amendments to the Farm Bill of last year.
 - o You might wish to personally thank John Scott for his support on the Panama Canal Treaties.
 - o As you did with the livestock producers, you might want to briefly note that the economic situation in the farm sector is significantly improved over that which prevailed 12 to 18 months ago:
 - commodity prices up,
 - farm income up by \$5 billion (25 percent) or more, and
 - agriculture exports at record levels.
 - o Might note that we still have some items awaiting Congressional action:
 - sugar,
 - crop insurance, and
 - emergency international grain reserve
- And that we would welcome any support they might be able to give us.
- o You might note with approval the Grange opposition to a reduction in the capital gains tax rate. Indicate that it is a tough issue and that you need their support in holding the line.
 - o Finally, you might tell them that their comments, criticisms, and suggestions are very important to us and are always welcome.

GRANGE POSITION ON ISSUES OF SPECIAL INTEREST

Ownership of Agricultural Lands: Support legislation which would require the reporting and publicizing of all foreign investments in agricultural land ... that land trust corporations and financial institutions be prohibited from acquiring and holding blocks of agricultural land.

Farmer Cooperatives: Oppose any action that would modify the Capper-Volstead Act ... support the establishment of cooperative processing and marketing facilities for all agricultural products.

Farm Production Protection: Commend the Secretary of Agriculture for his strong efforts to provide all-risk, all-county, and all-producer crop insurance.

International Wheat Agreement: A new agreement should include measures which directly influence supply and demand for wheat ... the United States should not undertake to negotiate international commodity agreements in feed grains, dairy products, meat or oil seeds.

160-Acre Limitation: Because 160 acres may no longer be an economically viable unit, the land limit section of the Reclamation Act of 1902 should be amended ... support a plan whereby the acreage limitations would be based on the land's productivity and economic potential to provide a reasonable income for a farm family.

Graduate Deficiency Payments to Support Family Farm Policy: Propose a significant change in U.S. agricultural policy where an income maintenance program such as "deficiency payments" levels would be varied by volume of production to offset the "comparative advantage" that exists in the current programs for the high-volume producer.

Water Rights: Support the principle that all decreed, appropriated and adjudicated water rights rightfully belong to the various states for their determination and administration.

Wilderness Areas: Oppose establishment of any roadless or wilderness areas that would remove from production: (1) Lands capable of producing timber, and (2) Productive farm and grazing land.

Multi-Lateral Trade Negotiations: Commend the President's Special Trade Representative, Ambassador Robert Strauss, and Secretary of Agriculture Bob Bergland for their continued strong support of the interest of expanded world trade in U.S. agricultural commodities and for their strong position that agricultural interests and industrial interests will be negotiated together.

Instant Voter Registration: Opposes any effort by Congress to adopt a plan of instant voter registration.

Control of Illegal Aliens: Urge the Immigration Service to work with foreign governments to develop a policy to enforce laws governing illegal alien entry to the United States ... that a program be developed to permit temporary legal entry of alien workers where sufficient domestic workers are not available.

Minimum Wage: Supports the enactment of minimum wage legislation which includes provisions to enable youth, handicapped persons, the aged and unskilled persons to obtain useful employment at a wage rate commensurate with ability, experience and usefulness.

Family Farms: That legislation be enacted by the United States Congress to protect family farms from non-farm developments that undermine their existence ... that tax credits and subsidies be granted only to family farms, family corporations and family partnerships.

Truck Regulations: Urge continuance of agricultural exemptions along with possible overhauling and simplification; easing of entry; changing routings which now result in trucks wasting fuel, and facilitating more back haul return loads by improving trip leasing regulations so that they will be more equitable to independent truckers and haulers of exempt agricultural commodities.



Legislative Policies 1978

Agriculture
Transportation
National Welfare
Conservation
Foreign Affairs
Taxation
Education & Health

Family Farm Organization Serving Rural America

THE WHITE HOUSE
WASHINGTON

July 28, 1978

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President
Frank Moore
Jim McIntyre
Charlie Schultze
Phil Wise
Fran Voorde

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

*fact -
make sure
CL sees
This today*

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	✓ VICE PRESIDENT
	✓ EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	✓ MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	✓ MCINTYRE
	✓ SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	✓ VOORDE
	WARREN
	✓ WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE

WASHINGTON

July 28, 1978

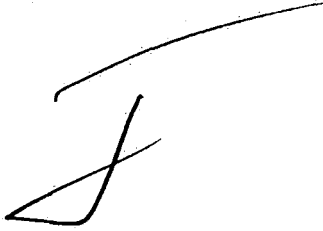
MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Agricultural Credit Assistance Act

You will soon be receiving the enrolled bill memo on the Agricultural Credit Assistance Act. This legislation is non-controversial: Secretary Bergland, Jim McIntyre, Charlie Schultze and I are all recommending that you sign it. You will also be receiving a recommendation for a signing ceremony with farm and Congressional leaders who have been highly supportive of the bill. The farm credit legislation offers a positive, low cost way of helping farmers and I believe that it warrants special emphasis.

Tomorrow the Vice President will be in the Midwest (St. Louis and Minneapolis). He will be talking about farm issues, and I recommend that he be authorized to say that you will soon be signing the Farm Credit bill. This would permit two "press hits", one in the Midwest and one in Washington, leaving open the possibility of a signing ceremony next week.

Decision

☒ Approve
☐ Disapprove





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 28 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 11504 - Agricultural Credit
Assistance Act of 1978
Sponsor - Rep. Jones (D) Tennessee and 24 others

Last Day for Action

August 4, 1978 - Friday

Purpose

Amends various farm loan and other authorities of the Consolidated Farm and Rural Development Act; provides a special 2-year emergency farm loan program; extends for 1 year the Emergency Livestock Credit Act; and authorizes the Secretary of Agriculture to increase target prices for rice.

Agency Recommendations

Office of Management and Budget	Approval (Signing statement attached)
Department of Agriculture	Approval (Signing statement attached)
Council of Economic Advisers	Approval (Informally)
Farm Credit Administration	Approval
Department of the Interior	No objection
Department of Energy	No objection (Informally)
Small Business Administration	No objection (Informally)
Department of the Treasury	Cites concerns (Informally)

Discussion

Consolidated Farm and Rural Development Act Amendments.
Title I of H.R. 11504 amends a number of farm loan and other authorities of the Consolidated Farm and Rural Development Act. It incorporates Administration recommendations to increase interest rates on most direct and insured Federal farm real estate loans from a fixed ceiling of 5 percent to the Treasury cost of borrowing and to authorize guaranteed loan interest rates to be negotiated between the borrower and

the lender for all real estate and operating loan programs. Special lower interest rates, however, are established for farm ownership loans to low-income farmers and ranchers.

Other major provisions of Title I:

- extend eligibility for farm ownership and operating loans to partnerships, corporations and cooperatives whose membership consists of owner-operators of not larger than family farms;
- increase loan limits on farm ownership loans from \$100,000 to \$300,000 for guaranteed loans and \$200,000 for direct and insured loans, and on farm operating loans from \$50,000 to \$200,000 for guaranteed loans and \$100,000 for direct and insured loans;
- increase the annual authorization for rural water and waste disposal facility grants from \$300,000 to \$500,000 and increase the Federal matching share from 50 percent to 75 percent;
- establish a 5 percent interest rate ceiling for farm ownership loans--with provisions for delayed repayment--to low income and new owners or operators of small farms who have been unable to obtain sufficient credit from other sources and "demonstrate a need to maximize their income from farming and ranching operations";
- delete the current statutory requirement that disaster loans administered by the Farmers Home Administration be made at rates not to exceed those offered by the Small Business Administration for emergency "loss" loans in the same area (The interest rate for such loans is currently 3 percent but will increase to 5 percent after October 1, 1978.); and
- authorize the Secretary of Agriculture, through the Rural Electrification Administration, to make or insure 5 percent interest rate loans, not to exceed \$1 million per loan, to public and private

agencies and associations, including Indian tribes unable to obtain credit elsewhere at reasonable rates, for the construction, acquisition and operation of transmission facilities for electric systems that are owned and operated by public bodies in rural areas which have been served to date by the Southwestern Power Administration, the Southeastern Power Administration, the Bonneville Power Administration, the Bureau of Reclamation and the Alaska Power Administration.

Other provisions of Title I:

- require borrowers of special 5 percent farm ownership loans to "graduate" to cost-of-money interest rates where the Secretary determines that they no longer qualify for special credit assistance;
- authorize the Secretary to purchase the guaranteed portion of any loan guaranteed under the Act where he determines that an adequate secondary market is not available in the private sector; and
- authorize loans (at Federal borrowing cost) to farm owners or tenants for the purpose of meeting Federal, State or local agricultural pollution abatement and control requirements.

Emergency Agricultural Credit Adjustment Act of 1978.

Title II of the enrolled bill authorizes a special 2-year emergency farm credit program under which the Secretary of Agriculture is authorized to insure or guarantee loans at market interest rates to farm owners or operators (including those not able to meet the farm size limitations of the Consolidated Farm and Rural Development Act) for the purpose of refinancing existing indebtedness or other essential agricultural purposes (excluding the purchase or lease of additional land). Eligibility for the program would be limited to farmers and ranchers primarily engaged in agricultural production who are unable to obtain sufficient credit from other sources to finance actual needs at reasonable rates. Preference is to be given to owners or operators of not larger than family farms. Under this program, the Secretary would be authorized to extend repayment

of farm operating loans for up to 20 years. (The normal repayment period for such loans under the Consolidated Farm and Rural Development Act is 7 years with a renewal period of 5 years.) However, as a condition for making an insured loan under this program, the Secretary could require the borrower to refinance his loan through other credit sources at such time as he is able to do so at reasonable rates.

The total loan principal outstanding to any one borrower under this special program would be limited to \$400,000 (or \$650,000 in combination with outstanding farm ownership or operating loans made, insured or guaranteed under the Consolidated Farm and Rural Development Act). The total principal balance outstanding at any one time on all loans insured or guaranteed under this program would be \$4 billion.

Miscellaneous Provisions. H.R. 11504 also:

- extends the Emergency Livestock Credit Act through September 30, 1979 and extends coverage under the Act to "persons owning livestock that are fed in custom feed lots";
- reduces from two-thirds to a majority, the number of registered cattle producers who must approve a marketing order under the Beef Research and Information Act (This could be precedent setting since all other Federal marketing orders require a two-thirds vote.);
- clarifies existing authorities to conduct an emergency conservation program under which the Secretary of Agriculture is authorized to make payments to agricultural producers (a) to carry out emergency measures to rehabilitate farmlands damaged as a result of natural disasters (including wind erosion, drought and flooding) where landowners cannot be reasonably expected to undertake rehabilitation measures themselves (An average of \$10 million has been appropriated annually for this purpose in recent years.); and (b) to undertake emergency measures for runoff retardation and soil erosion prevention to safeguard lives and property from floods or other natural disasters. (An average of approximately \$40 million per year has been appropriated for this purpose in recent years under the Flood Control Act.); and

- authorizes the Secretary, whenever a set-aside is in effect for rice for 1978 through 1981, to increase the target price for rice by such amount as he determines to be appropriate to compensate the producers for participation in the set-aside. (Similar authority to adjust target prices for wheat, feed grains and upland cotton was contained in the Emergency Agricultural Act of 1978.)

Budget Impact

Numerous provisions of the bill will have negligible cost impacts. Agriculture has provided estimates of outlay impacts against the 1979 budget and long-range projections for several provisions which have measurable program cost effects.

Estimated Outlay Impacts--Savings (-) or Costs (+)--on 1979 Budget and Long-Range Projections Under H.R. 11504 (\$ in Millions)

	Program Levels	1979	1980	1981	1982	1983
Farm ownership loans	<u>1/</u> 550.0	- 6.1	-18.9	- 32.1	- 45.3	- 58.5
Other real estate loans	<u>1/</u> 75.6	- .9	- 2.8	- 5.0	- 7.3	- 9.5
Low income farm ownership loans	<u>2/</u> 50.0					
Interest subsidy		+ .6	+ 1.7	+ 2.9	+ 4.1	+ 5.3
Deferred payment subsidy <u>3/</u>		+ 2.6	+ 4.9	+ 7.0	+ 8.7	+ 10.2
Total		- 3.8	-15.1	- 27.2	- 39.8	- 52.5
Water and sewer grants	<u>4/</u> 500.0	+14.0	+86.0	+150.0	+182.0	+194.0

- 1/ FY 1979 budget request levels.
- 2/ Roughly the level committed to during discussions on bill.
- 3/ The bill authorizes reduced loan repayments during the first 10 years, with compensating increased repayments during the remaining 30 years to be determined by the Secretary. Subsidy estimates are based on an assumed loan repayment deferral schedule of 90 percent in the first year, 80 percent in the second year, 70 percent in the third year, 60 percent in the fourth year and 50 percent in the fifth year.
- 4/ H.R. 11504 authorization level, which exceeds current level by \$200 million. Outyear estimates assume full funding.

In addition to the foregoing, Agriculture has provided the following cost estimates:

- Electrical transmission facility loans. Assuming a 5 percent annual interest rate, each \$1 million loan would entail an interest subsidy (based on Treasury borrowing cost) of \$800,000 over a 40-year loan life. Agriculture estimates that 448 borrowers would be eligible for these loans, if this program were funded.
- Emergency Agricultural Credit Program. This program will require increased administrative costs of several million dollars annually during its 2-year life. In addition, Agriculture estimates that default costs could total \$40 million over time on \$4 billion in loans. The program would entail no Federal interest subsidies.
- Rice target prices. Increased target prices for rice producers will offset in whole or in part the loss in net income experienced by growers as a consequence of complying with the required set-aside. USDA estimates that every 5 cent increase in the established target price (\$8.53 per cwt. in 1978) would represent about \$4 million in added Federal outlays.

Agency Views

In its attached enrolled bill letter, Agriculture strongly recommends that you sign H.R. 11504. The Department notes that the bill will increase loan ceilings and interest rates for the major credit programs of the Farmers Home Administration. It will also provide special financial assistance to low-income farmers as well as farmers who are facing bankruptcy or foreclosure on outstanding private or Federal loans.

Treasury cites concerns with provisions of the bill which authorize the Secretary of Agriculture to establish farm loan interest rates taking into account average market yields on outstanding U.S. Government obligations. It would not object to approval, however, on the understanding that average market yields will be certified to the Secretary of Agriculture by the Secretary of the Treasury. In this regard, this Office will work with the two departments to ensure appropriate coordination in establishing interest rates. All other agencies either recommend approval or indicate no objection.

Conclusion

Many of the provisions of H.R. 11504 are based on Administration proposals submitted to the Congress last year. At that time, the Administration recommended that Federal farm loan interest rates be raised to Treasury borrowing costs for direct and insured loans and that interest rates for guaranteed loans be subject to negotiation between the borrower and lender. Increased loan ceilings were recommended in line with current economic conditions. The substance of the emergency agricultural credit adjustment provisions was subsequently endorsed by the Administration.

Several provisions of the bill, however, remain troublesome including the subsidized loan authority for power transmission facilities, the retention of interest subsidies for certain farm ownership loans and the \$200 million increase in annual authorizations for the rural water and waste disposal facility grant program. In addition, the 5 percent interest rate for emergency "loss" loans fails to meet your objective of providing a cost of money interest rate for all farm production loans.

Despite these concerns, we believe that overall the bill strikes an acceptance balance between the financial needs of farmers and Administration efforts to reduce farm credit subsidies. Accordingly, we recommend that you approve H.R. 11504. A draft signing statement is attached for your consideration.

H.R. 11504 passed the House by a vote of 362 to 28 and by voice vote in the Senate.

(Signed) Naomi R. Sweeney

Acting Assistant Director
for Legislative Reference

Enclosures

STATEMENT BY THE PRESIDENT

Today I am signing into law H.R. 11504, the "Agricultural Credit Assistance Act of 1978." This legislation updates a number of basic farm and ranch loan programs and provides emergency credit assistance to farmers and ranchers in temporary financial difficulty as a result of natural disasters or fluctuating market conditions.

H.R. 11504 provides a new comprehensive credit structure for farmers, with emphasis on the particular needs of family farms and young people seeking a start in farming.

The bill recognizes that today's family farm operator requires a large capital investment in land and machinery. Requirements for operating credit are also substantial. But because farming is often a high-risk operation--a constant gamble against weather and natural disaster--many small farmers have had difficulty in obtaining adequate financing through conventional credit sources.

Specifically, this new legislation will:

- bring major credit programs of the Farmers Home Administration--farm real estate and operating loans--into line with the basic credit needs of farmers by increasing individual loan limits to reflect current economic conditions and extending eligibility for loan programs to family farm cooperatives, corporations and partnerships;
- provide a \$4 billion, 2-year emergency credit program which will assist up to 60,000 financially distressed farmers to consolidate and refinance outstanding indebtedness. The 1977 farm bill is already providing a stabilizing influence on the agricultural economy

- and this program will help individual farmers readjust financially in the wake of recent market fluctuations;
- create a special farm mortgage loan program for beginning and low-income farm families;
 - extend the Emergency Livestock Credit Act through September 30, 1979; and
 - provide, for the first time, an effective guaranteed farm lending program which will rely upon private sector funding.

Meeting the needs of farm and rural areas has been an important goal of my Administration. I am particularly pleased that this legislation takes into account the special needs of family farmers who are often less able to obtain adequate financing through traditional private sources. By reducing certain credit subsidies, this Act will also permit the Federal Government to provide more efficient and effective assistance to farmers.

THE WHITE HOUSE
WASHINGTON

July 28, 1978

Mr. President:

As this summary will indicate, we are making slow but steady progress in a number of areas.

On the budget side, we are demonstrating credibility through the \$5 billion reduction in FY 1979 outlays and the actions of the Working Group on Efficiency and Cost Reduction. On the communication side, we are preparing for the regional forums as well as working with businesses, trade associations, and consumer groups.

As a result of the initiative of Ray Marshall and others, we are studying a sanctions approach to inflation. We will have more to report to you on that shortly.



Robert S. Strauss

THE WHITE HOUSE

WASHINGTON

July 28, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Ambassador Robert S. Strauss

RE: Summary of Administration's Anti-Inflation
Efforts, July 22-28, 1978



BUDGET

At the direction of the Working Group on Efficiency and Cost Reduction of the EPG, the OMB staff has prepared a list of programs in each Department that might be cut or cut back to decrease expenditures in FY 79. The Group met this week to examine the staff recommendations and to make plans to meet with Department officials.

For your information, I am ~~attaching~~ a copy of this binder. I realize that you will not have time to read through the entire binder, but I think that a quick examination will demonstrate the kinds of efforts we are making.

Jim McIntyre and Charlie Schultze, in testimony before the Senate Budget Committee this week, announced that the Administration is seeking a \$5 billion reduction in outlays in the second budget resolution for 1979. Combined with the \$6 billion shortfall from the first resolution found by the Congressional Budget office, this would put the Congress very close to the \$492 to \$482 billion spending total we suggested. We are trying to emphasize your commitment to budget cuts in light of our inflation problems.

BUSINESS

Commitments. The letters to the Fortune 1000 leading corporations asking for their support on price deceleration and executive compensation deceleration have been sent.

We have established a procedure with the Council on Wage and Price Stability to evaluate the responses. We plan to continue communication with each of these corporations and to announce batches of commitments periodically.

This week we have received additional commitments from the Signal Company, Arkansas Best Corporation, Abbott Industries, Public Service Electric and Gas Co. of Newark, N.J., Nationwide Insurance, Kraft, Inc., and others.

REGIONAL ANTI-INFLATION FORUMS

Lee Kling, Anne Wexler, and Joe Aragon have been testing the waters on the advisability of such meetings.

A White House planning group will go to Hartford at the beginning of next week to meet with local government, labor, and business leaders.

Additional advance trips will be made to Minneapolis, St. Louis, and Dallas on August 7 and 8. We are carefully moving forward on these meetings.

WHITE HOUSE BRIEFINGS

Trade Associations. Lee Kling, Ralph Gerson, and Steve Selig have continued their meetings with major trade associations. In the past week they have met with ten additional associations such as the American Bankers Association, the American Trial Lawyers Association, the American Footwear Industries Association, the Airline Pilots Association, and the National Electrical Contractors Association.

We have received a commitment to our deceleration goals from the National Utility Contractors Association and others will shortly follow.

A follow-up procedure on tracking and maintaining the active support of these associations has been established.

The inflation office, with excellent cooperation from Hugh Carter and his staff, has prepared an inflation program briefing book to be used with business, labor and trade associations.

PUBLIC OUTREACH

Esther Peterson prepared materials regarding the nature and cause of inflation to be used as part of a "kit" by spokespersons on the inflation program.

Esther's office has also completed and circulated a first draft of consumer information and action guides relating to food, housing, health, and energy costs.

LEGISLATION AND REGULATION

The EPG deputies are working internally on an examination of the Marshall anti-inflation proposal, several variants of a tax-incentive approach, and possible 1979 legislative initiatives in the area of regulatory reform.

CEA and CWPS are reviewing the status of the Regulatory Analysis Review Group and will be recommending some procedural changes to you soon.

CONGRESSIONAL TESTIMONY

Barry Bosworth and I briefed the 94th and 95th Democratic Caucuses of the House on the Administration's anti-inflation program and what we have accomplished. A similar discussion was held with the United Democrats of Congress.

I appeared before the Senate Finance Committee hearings on Employee Stock Ownership Plans and their impact on productivity.

Barry testified this week before the House Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition and before the National Commission for the Review of Antitrust Laws and Proceedings.

Esther Peterson testified before the Rogers' House Subcommittee on food labeling as an informational tool to combat inflation.

CONFERENCES

Esther Peterson addressed the national leadership of the Future Homemakers of America regarding the impact of inflation on family life and ways to reduce the burden.

I addressed the American Enterprise Institute on the anti-inflation program.

CONCLUSION

The success of a voluntary approach depends on corporate, labor, and citizen involvement. That is what we are trying to foster.